IN THE HIGH COURT OF GUJARAT AT AHMEDABAD

COMPANY PETITION No 37 of 2001

For Approval and Signature:

Hon'ble MR.JUSTICE K.M.MEHTA

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1. Whether Reporters of Local Papers may be allowed to see the judgements? : NO

2. To be referred to the Reporter or not? : NO

3. Whether Their Lordships wish to see the fair copy of the judgement? : NO

4. Whether this case involves a substantial question of law as to the interpretation of the Constitution of India, 1950 of any Order made thereunder? : NO

5. Whether it is to be circulated to the Civil Judge? : NO

WELSPUN INDIA LIMITED

Versus

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Appearance:

MR SANDEEP SINGHI for SINGHI & CO for Petitioner

CORAM : MR.JUSTICE K.M.MEHTA

Date of decision: 20/03/2001

ORAL JUDGEMENT

1. The present Company Petition has been filed under Sec.391 read with Sec.394 of the Companies Act with a prayer that the Scheme of Compromise and/or Arrangement between the petitioner Company i.e. Welspun India Limited, and its lenders, bankers, creditors and shareholders and Welspun Cotton Yarn Limited and its

shareholders be sanctioned. The petitioner is the Transferor Company.

2. Earlier by order dated 15/01/2001, this Court (Coram: K.R.Vyas, J.) had directed that meetings of the Preference Shareholders, Equity Shareholders, Secured Creditors and Unsecured Creditors be held and had also appointed a chairman to the said meetings. The Chairman of the said meetings has filed his report on 23/02/2001. As per the said report, the Secured Creditors of the petitioner Company had suggested certain modifications to the scheme and the same were placed before all the meetings. The Chairman has further stated in the said report dtd.23.2.2001 that the Preference Shareholders, Equity Shareholders, Secured Creditors and Unsecured Creditors have approved the scheme unanimously with the suggested modifications which were placed before each of the meetings.

3. By order dated 26/02/2001, the present petition was admitted and notice was issued to the Central Government through the Regional Director, Department of Company Affairs. The Notice was also ordered to be published in two Newspapers. Pursuant to the same an affidavit of one Chandravadan C.Bhatt has been filed showing the publication of the notice in two Newspapers as directed and service of notice to the Regional Director.

4. Pursuant to the advertisements issued in the newspapers as directed, none has approached this Court with any objections whatsoever.

5. The Registrar of Companies by his letter dated 14.3.2001 addressed to the learned counsel of the Central Government has indicated that it has been decided that the petition may be left to be decided by this Court on merits. A copy of the letter is placed on record of this company petition by the learned counsel for the Central Government.

6. On going through the scheme, it appears that the requirement of the provisions of section 391 to 394 of the Companies Act, 1956, are satisfied and there appears to be no ground for not accepting the Scheme of Compromise and/or Arrangement which is proposed. The Scheme is genuine and bonafide and in the interest of creditors and shareholders of the company. The Scheme is also fair and reasonable. The Scheme proposed in the company petition is hence accepted and accordingly the present petition stands allowed. It is further ordered

that the spinning division of the Petitioner Company stands transferred to Welspun Cotton Yarn Limited as envisaged in the scheme. It is hereby ordered that the present Scheme shall be binding on all concerned including the petitioner Company.

7. The fees of learned Central Government Standing Counsel Mrs.P.J.Dawavala is quantified at Rs.2500/- in the present petition.

The petition stands disposed of accordingly.

(K.M. Mehta, J.)

syed/